

## Target of Expense Inquiry Holds C.I.A. Contract

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The Rand Development Corporation of Cleveland, under Federal investigation in connection with Government water pollution contracts, also holds a contract with the Central Intelligence Agency.

The C.I.A. contract was disclosed as the Department of the Interior pressed its inquiry into expense claims made by the company for travel, entertainment and other activities that the company associated with water pollution work. The expenses included a New York apartment apparently used by Federal officials.

Two auditors of the Interior Department have been investigating the company's New York office and books. The major figure in the investigation to date, George H. Bookbinder, executive vice president of the private research, development and engineering concern, has declined to talk with the investigators, according to sources here.

### Worked for O.S.S. in War

In World War II, Mr. Bookbinder and H. James Rand 3d, president of the company, were with the Office of Strategic Services, forerunner of the C.I.A. Rand Development is not connected with the Rand Corporation of Santa Monica, Calif., a nonprofit "think tank" that does research on national security matters.

Representative John A. Blatnik, Democrat of Minnesota, who interceded with the Interior Department in an effort to get a settlement of the expense claims, was also an O. S. S. officer, serving in

### Cleveland Concern Under U.S. Study in Connection With Its Water Pollution Work

Yugoslavia. Mr. Bookbinder, who was said to have served in Rumania, and Mr. Blatnik met in the war, an aide to Mr. Blatnik said.

A spokesman for the C.I.A. today said, "No comment," when asked about the Rand contract.

### Touched Off Inquiry

The contract is mentioned in a memorandum written last fall by Donald L. Hambric of the Federal Water Pollution Control Administration to Interior officials. He wrote:

"Rand also has a small classified contract with the C.I.A. and any auditor working at Rand should have at least a secret clearance."

Mr. Hambric, who is head

of the contract pricing office in the Audit Operations Division of the pollution agency, and Richard L. Wright, contracting officer, precipitated the investigation of Rand.

Before the Interior Department audit, the company's claims were audited by the Defense Contract Audit Agency because the company held defense contracts. Rand Development apparently holds no defense contracts at present, the Department of Defense said.

The Defense Contract Audit Agency apparently approved the expenses claimed for the New York office and the apartment. Other agencies accepted this review, including the United States Public Health Service, which handled work on water pollution before it was transferred to the Interior Department two years ago. The company's water pollution contracts involved \$555,000.

*Org. 1 Rand Development Corp.  
C.I.A. 1.05 Bookbinder, George H  
C.I.A. 1.05 Rand, H. James 3d.  
C.I.A. 1.05 Blatnik, John A.*